

**NATIONAL RECOVERY ADMINISTRATION**

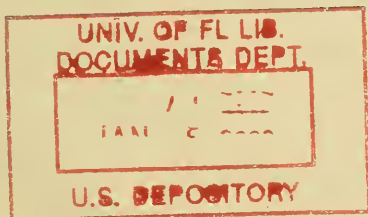
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**CODE OF FAIR COMPETITION**

**FOR THE**

**PORCELAIN BREAKFAST  
FURNITURE ASSEMBLING INDUSTRY**

AS APPROVED ON JANUARY 30, 1934



UNITED STATES  
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Approved Code No. 239

**CODE OF FAIR COMPETITION**  
**FOR THE**  
**PORCELAIN BREAKFAST FURNITURE**  
**ASSEMBLING INDUSTRY**

As Approved on January 30, 1934

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**ORDER**  
**APPROVING CODE OF FAIR COMPETITION**  
**FOR THE**  
**PORCELAIN BREAKFAST FURNITURE**  
**ASSEMBLING INDUSTRY**

An application having been duly made pursuant to and in full compliance with the provisions of title I of the National Industrial Recovery Act, approved June 16, 1933, for approval of a Code of Fair Competition for the Porcelain Breakfast Furniture Assembling Industry, and hearings having been duly held thereon and the annexed report on said Code, containing findings with respect thereto, having been made and directed to the President:

NOW, THEREFORE, on behalf of the President of the United States, I, Hugh S. Johnson, Administrator for Industrial Recovery, pursuant to authority vested in me by Executive Orders of the President, including Executive Order No. 6543-A, dated December 30, 1933, and otherwise; do hereby incorporate by reference said annexed report and do find that said Code complies in all respects with the pertinent provisions and will promote the policy and purposes of said Title of said Act; and do hereby order that said Code of Fair Competition be and it is hereby approved; provided, however, that the provisions of article 7-B, section 11, insofar as they prescribe a waiting period between the filing with the Code Authority and the

effective date of revised price lists or revised terms and conditions of sale be and they are hereby stayed pending my further Order either within a period of sixty days from the effective date of this Code or after the completion of a study of open price associations now being conducted by the National Recovery Administration.

HUGH S. JOHNSON,  
*Administrator for Industrial Recovery.*

Approval recommended:

W. A. HARRIMAN,  
*Division Administrator.*

WASHINGTON, D.C.,  
*January 30, 1934.*

THE PRESIDENT,  
*The White House.*

SIR: This is a report on the Code of Fair Competition for the Porcelain Breakfast Furniture Assembling Industry, the public hearing having been held in Washington, on November 16, 1933, in accordance with the provisions of the National Industrial Recovery Act.

#### PROVISIONS FOR HOURS AND WAGES

A basic forty (40) hour week is established by this Code. A tolerance of five (5) hours a week averaged over each eight (8) weeks' period is allowed for office employees, while an eight (8) hour tolerance is permitted for factory employees, but all factory overtime in excess of eight (8) hours a day must be paid for at not less than one and one half ( $1\frac{1}{2}$ ) times the regular hourly rate. No employee is permitted to work more than six (6) days in any seven (7) day period.

This Code establishes a minimum rate of pay of forty (40) cents per hour in the North and thirty-six (36) cents in the South, but practically the entire production of this Industry is in the North. Apprentices not to exceed five (5) percent of the total number of factory workers may be paid eighty (80) percent of the minimum rate for a period not to exceed four (4) months.

#### CHILD LABOR

No person under sixteen (16) years of age shall be employed in the Industry nor anyone under eighteen (18) years of age at occupations or operations hazardous in nature or detrimental to health.

#### ECONOMIC EFFECTS OF THE CODE

The report prepared by the Division of Economic Research and Planning, based upon data obtained from the Industry by questionnaires, presents the following facts:

(a) Since 1928 the volume of sales of Porcelain Breakfast Furniture declined approximately seventy-two (72) percent.

(b) Factory employment declined nearly thirty (30) percent from June 1929, to June 1933.

(c) In June 1929, the average hours worked by factory employees were 53.7 per week.

(d) Average weekly wages of factory wage earners declined from \$21.47 in 1929 to \$14.74 for the first quarter of 1933.

(e) Under this Code, factory employment will approach the 1929 level. An increase of approximately twenty (20) percent occurred from June to October 1933, under the President's Reemployment Agreement, and a further increase is assured when all the members of this Industry become bound by this Code.

(f) The Code provision limiting the work-week to an average of forty (40) hours will effect a reduction of twenty (20) percent or more from the average hours worked prior to the President's Re-employment Agreement.

(g) Average weekly wages of factory employees increased approximately fifteen (15) per cent in the third quarter of 1933 over the first quarter under the President's Reemployment Agreement, and a further increase may be expected under this Code. The hourly wage rates paid to seventy-five (75) per cent of the workers in this Industry will be increased by the Code.

(h) The total payroll of this Industry was increased thirty-five (35) percent by the President's Reemployment Agreement.

#### FINDINGS

The Assistant Deputy Administrator in his final report to me on said Code having found as herein set forth and on the basis of all the proceedings in this matter:

I find that:

(a) Said Code is well designed to promote the policies and purposes of Title I of the National Industrial Recovery Act, including removal of obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof and will provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among the trade groups, by inducing and maintaining united action of labor and management under adequate governmental sanctions and supervision, by eliminating unfair competitive practices, by promoting the fullest possible utilization of the present productive capacity of industries, by avoiding undue restriction of production (except as may be temporarily required), by increasing the consumption of industrial and agricultural products through increasing purchasing power, by reducing and relieving unemployment, by improving standards of labor, and by otherwise rehabilitating industry.

(b) Said Industry normally employs not more than 50,000 employees; and is not classified by me as a major industry.

(c) The Code as approved complies in all respects with the pertinent provisions of said Title of said Act, including without limitation Subsection (a) of Section 3, Subsection (a) of Section 7, and Subsection (b) of Section 10 thereof; and that the applicant association is an industrial association truly representative of the aforesaid Industry; and that said association imposes no inequitable restrictions on admission to membership therein.

(d) The Code is not designed to and will not permit monopolies or monopolistic practices.

(e) The Code is not designed to and will not eliminate or oppress small enterprises and will not operate to discriminate against them.

(f) Those engaged in other steps of the economic process have not been deprived of the right to be heard prior to approval of said Code.

For these reasons, therefore, I have approved this Code.

Respectfully,

HUGH S. JOHNSON,  
*Administrator.*

JANUARY 30, 1934.

**CODE OF FAIR COMPETITION**  
**FOR THE**  
**PORCELAIN BREAKFAST FURNITURE ASSEMBLING**  
**INDUSTRY**

**ARTICLE I—PURPOSE**

To effectuate the policies of Title I of the National Industrial Recovery Act, the following provisions are established as a Code of Fair Competition by the Porcelain Breakfast Furniture Assembling Industry, and upon approval by the President, shall be the standard of fair competition for the Porcelain Breakfast Furniture Assembling Industry and shall be binding upon every member thereof.

**ARTICLE II—DEFINITIONS**

**SECTION 1. *Porcelain Breakfast Furniture Assembling Industry.***—The term “Porcelain Breakfast Furniture Assembling Industry” as defined herein, means the assembling and finishing of wholly manufactured wood parts consisting of turned legs, stretchers, table bases and their parts, porcelain enamelled tops, and chairs. These parts are assembled, finished, and processed to complete a porcelain breakfast furniture set.

**SEC. 2. *Employees.***—The term “employee” as used herein includes anyone, except a member of the industry, engaged in the Porcelain Breakfast Furniture Assembling Industry in any capacity receiving compensation for his services, irrespective of the nature or method of payment of such compensation.

**SEC. 3. *Employer.***—The term “employer” as used herein includes anyone by whom any such employee is compensated or employed.

**SEC. 4. *Members of the Industry.***—The term “member of the Industry” includes anyone engaged in the Porcelain Breakfast Furniture Assembling Industry as above defined, either as an employer or on his own behalf.

**SEC. 5. *President, Act, and Administrator.***—The terms “President”, “Act”, and “Administrator” as used herein shall mean, respectively, the President of the United States, Title I of the National Industrial Recovery Act, and the Administrator for Industrial Recovery.

**SEC. 6. *Pull-backs.***—The term “pull-backs” as used herein includes such furniture manufactured by members as is returned by the consumer to the retailer after being in use.

**SEC. 7. *Code Authority.***—The term “Code Authority” as used herein is the Agency hereinafter set up to administer the provisions of this Code, with the approval of the Administrator.

SEC. 8. *Association*.—The term "Association", as used herein, means National Breakfast Furniture Manufacturers Association, Inc., a trade association.

SEC. 9. *Executive secretary*.—The term "Executive Secretary", as used herein, means the Executive Secretary of the Association.

SEC. 10. *Effective date*.—The term "effective date" as used herein means the second Monday after this Code shall have been approved by the President.

### ARTICLE III—HOURS

SECTION 1. No office employees shall be permitted to work in excess of an average of forty (40) hours per week during each eight (8) weeks' period, but not more than forty-five (45) hours in any one week.

SEC. 2. No other worker shall be permitted to work in excess of forty (40) hours in any one week or eight (8) hours in any twenty-four (24) hour period, except as hereinafter otherwise provided.

SEC. 3. Employees engaged in the capacity of designers, executives, or supervisors who receive \$35.00 per week or more, and outside salesmen, are excepted from the provisions of Sections 1 and 2 of this Article.

SEC. 4. A tolerance of 10% in the hours specified above shall be permitted for firemen, engineers, emergency maintenance and repair crews, and shipping and delivery department crews.

SEC. 5. The hours of work for night watchmen and night firemen shall not exceed a total of eighty-five (85) hours in each two weeks period, or an average of forty-two and one half (42½) hours per week in each two weeks period.

SEC. 6. Truck drivers operating on trips normally requiring more than eight (8) hours, except in cases of unavoidable delay due to breakdown or accident, shall be subject to hours of labor of a code hereafter to be adopted for the trucking industry.

SEC. 7. The maximum hours prescribed in Section 2 of this Article shall not apply in cases of seasonal or peak operations, provided, however, that no employee engaged in such operations shall be permitted to work in excess of forty-eight (48) hours in any one week, nor in excess of forty (40) hours per week averaged over an eight (8) consecutive week period.

SEC. 8. All over-time work in excess of eight (8) hours per day or forty (40) hours per week shall be paid for at not less than one and one half (1½) times the regular hourly rate.

SEC. 9. No employee shall be permitted to work more than six (6) days in any seven (7) day period.

### ARTICLE IV—WAGES

SECTION 1. No employees shall be paid less than the rate of 40¢ per hour, except as provided in Section 3 of this Article, and except in the States of Virginia, North Carolina, South Carolina, Tennessee, Kentucky, Georgia, Florida, Alabama, Mississippi, Louisiana, Arkansas, and Texas, where no employee shall be paid at less than the rate of 36¢ per hour. The minimum rates herein specified are

guaranteed whether compensation is based on time, piecework, or incentive basis.

SEC. 2. Hourly wage rates for employees receiving more than the minimum herein perscribed shall be adjusted to preserve differentials existing on June 16, 1933, and in no case shall wages be reduced notwithstanding any reduction in hours.

Within thirty (30) days after this Code becomes effective, employers shall report to the Code Authority action taken by them since July 1, 1933, with respect to adjustment of wages above the minimum.

SEC. 3. An apprentice may be paid not less than 80% of the minimum wages specified in Section 1 of this Article for a period not exceeding a total of four (4) months. This apprenticeship period may be served only once during his lifetime. The number of such apprentices shall not exceed 5% of the total number of factory workers, provided that each employer may employ one such apprentice.

#### ARTICLE V—GENERAL LABOR PROVISIONS

SECTION 1. No person under 16 years of age shall be employed in the Industry nor anyone under 18 years of age at operations or occupations hazardous in nature or detrimental to health.

The Code Authority shall submit to the Administrator before March 1, 1934, a list of such occupations. In any State an employer shall be deemed to have complied with this provision if he shall have on file a certificate duly issued by the Authority empowered to issue employment certificates showing that the employee is of the required age.

SEC. 2. (a) Employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

(b) No employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing, and

(c) Employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President.

(d) Within each State this Code shall not supersede any laws of such State imposing more stringent requirements on employers regulating age of employees, wages, hours of work, or health, fire, or general working conditions than under this Code.

SEC. 3. Employers shall not reclassify employees or duties of occupations performed by employees so as to defeat the purpose of the Act or of this Code.

SEC. 4. *Posting Code.*—Each employer shall post in conspicuous places available to employees full copies of this Code.

## ARTICLE VI—LABELS

SECTION 1. All furniture manufactured or sold by "members of the Industry" shall bear and have affixed thereto an "NRA Label" which should remain attached to each piece of breakfast furniture when it leaves the factory. Such labels shall bear the registration number specially assigned to each manufacturer in the Industry by the Code Authority. The privilege of using such labels shall be granted and such labels shall be issued to any manufacturer from time to time engaged in the Industry upon application therefor to the Code Authority accompanied by a statement of compliance with the standards of operation prescribed by this Code.

"Members of the Industry" shall be entitled to obtain and use such labels if they comply with the provisions of this Code.

## ARTICLE VII—ORGANIZATION, POWERS, AND DUTIES OF THE CODE AUTHORITY

## A. ORGANIZATION

SECTION 1. To further effectuate the policies of the Act, a Code Authority is hereby constituted to cooperate with the Administrator in the administration of this Code.

SEC. 2. The Code Authority shall consist of ten (10) individuals or such other number as may be approved from time to time by the Administrator, including seven (7) members of the Board of Directors, and the Executive Secretary, all of the National Breakfast Furniture Manufacturers Association, Inc., and two (2) other breakfast furniture assemblers who are nonmembers of the National Breakfast Furniture Manufacturers Association, Inc., all to be selected by a fair method of election subject to the approval of the Administrator. The Government shall be represented on the Code Authority by not more than three (3) members without vote to be appointed by the Administrator, for terms of from six months to one year arranged so that the terms do not expire at the same time.

SEC. 3. In order that the Code Authority shall at all times be truly representative of the Industry and in other respects comply with the provisions of the Act, the Administrator may provide such hearings as he may deem proper; and thereafter if he shall find that the Code Authority is not truly representative or does not in other respects comply with the provisions of the Act, may require an appropriate modification in the method of selection of the Code Authority.

SEC. 4. Each trade or industrial association participating in the selection or activities of the Code Authority shall:

- (1) impose no inequitable restrictions on membership, and
- (2) submit to the Administrator true copies of its articles of association, bylaws, regulations, and any amendments when made thereto, together with such other information as to membership, organization, and activities as the Administrator may deem necessary to effectuate the purposes of the Act.

SEC. 5. Members of the Industry shall be entitled to participate in the benefits of the activities of the Code Authority and to partici-

pate in the selection of the members thereof by assenting to and complying with the requirements of this Code and sustaining their reasonable share of the expenses of its administration. The reasonable share of the expenses of administration shall be determined by the Code Authority, subject to review by the Administrator, on the basis of volume of business and/or such other factors as may be deemed equitable to be taken into consideration.

SEC. 6. There shall be established by the Administrator, a National Industrial Relations Board for the Industry, consisting of an equal number of representatives of employers and employees to adjust all matters in the Code relating to labor. Where a majority agreement cannot be reached, the Board shall select an impartial chairman to render a decision. The creation and functioning of these Boards, including the selection of representatives of employees shall be in accordance with Section 7 of the Act. If no truly representative labor organization exists, the employee members of such Board shall be chosen by the Labor Advisory Board of the National Industrial Recovery Administration. The employer representatives shall be chosen by the Code Authority. The Industrial Relations Board may establish such subsidiary agencies constituted in like manner as it finds necessary.

#### B. POWERS AND DUTIES OF THE CODE AUTHORITY

SECTION 1. The Code Authority shall have the following duties and powers to the extent permitted by the Act. If the Administrator shall determine that any action of the Code Authority or any agency thereof is unfair or unjust or contrary to the public interest, the Administrator may require that such action be suspended for a period of not to exceed thirty days to afford an opportunity for investigation of the merits of such action and further consideration by such Code Authority or agency pending final action, which shall be taken only upon approval by the Administrator.

SEC. 2. To establish appropriate machinery for the issuance of labels in accordance with Article VI of this Code, with the approval of the Administrator.

SEC. 3. To prescribe and approve a standard system of cost accounting, which, when approved by the Administrator, shall become the uniform system of cost accounting for the Industry, and all members of the Industry shall thereafter use a system of cost accounting which conforms to the principles of and is at least as detailed and complete as such uniform system. The Code Authority, however, may permit such exceptions or variations as it deems necessary to meet the requirements of a particular situation.

SEC. 4. To investigate and inform the Administrator, on behalf of the Industry, as to the importation of competitive articles into the United States in substantial quantities or increasing ratio to domestic production on such terms or under such conditions as to render ineffective or seriously to endanger the maintenance of this Code and as an agency for making complaint to the President on behalf of the Industry under the provisions of the Act, with respect thereto.

SEC. 5. The Code Authority may from time to time present to the Administrator recommendations based on conditions in the Industry as they may develop which will tend to effect the operation of the provisions of this Code and the policy of the Act and in particular along the following lines:

(a) *Reports to administrator.*—Recommendations as to the requirements by the Administrator of such further reports of persons engaged in the Industry of statistical information and keeping of uniform accounts as may be required to secure the proper observances of the Code and promote the proper balancing of production and consumption and the stabilization of the Industry and employment.

(b) *Service bureau.*—Recommendations for the setting up of a Service Bureau for the Industry for accounting, credit, and other purposes, to aid members of the Industry in meeting the conditions of the emergency and the requirements of this Code.

(c) *Promote stabilization.*—Recommendations for the making of requirements as to trade practices by persons engaged in the Industry as to methods and conditions of trading, and the naming and publication of prices which may be appropriate to avoid discrimination, to promote the stabilization of the Industry.

(d) *Distress merchandise.*—Recommendations for regulating the disposal of distress merchandise in a way to secure the protection of the owners and to promote sound and stable conditions in the Industry.

(e) *Dealing with inequalities that endanger industry and employment.*—Recommendations for dealing with any inequalities that may otherwise arise to endanger the stability of the Industry and of production and employment.

(f) *Investigation of violations.*—The Code Authority is hereby appointed as an emergency committee for this Code of Fair Competition and subject to review and disapproval of the Administrator is empowered to investigate whether the provisions of this Code are being observed, to make complaints concerning alleged violations, to cooperate with the Administrator of the Act; to propose additions, modifications, or revisions of this Code and generally to perform such other acts as may be reasonably necessary and proper to put the provisions into effect and accomplish the objects and purposes of the Act. In the event such committee shall find the Rules of Fair Competition, or any provisions of this Code, have been violated, the violation shall be reported to the Code Authority for such action as they deem proper in accordance with this Code, including in appropriate cases, report to the National Recovery Administration, or take appropriate steps to institute license proceedings in accordance with law or any other appropriate legal proceedings provided for in the Act.

SEC. 6. Such recommendations when approved by the Administrator, after such notice and hearing as he shall specify, shall have the same force and effect as any other provisions of this Code.

SEC. 7. The Code Authority is also set up to cooperate with the Administrator in making investigations as to the functioning and observance of any of the provisions of this Code at its own instance

or on complaint by any person affected, subject to review and disapproval of the Administrator.

SEC. 8. With a view to keeping the President informed as to the observance or nonobservance of this Code of Fair Competition, and as to whether the Industry is taking appropriate steps to effectuate the declared policy of the Act, each member of the Industry shall furnish duly certified reports in substance as follows, and in such form as may be provided and at such intervals as the Code Authority may prescribe, subject to review and disapproval of the Administrator.

(a) *Wages and hours of labor.*—Returns every 4 weeks showing actual hours worked by the various occupational groups of employees and minimum weekly rates of wages.

(b) *Machinery data.*—Returns every 4 weeks showing number of machines operating each week, the number of shifts and the total number of machine hours each week.

(c) *Reports of production, sales, stocks, and orders.*—Monthly reports showing production in terms of the commonly used unit (i.e.) breakfast furniture, stocks on hand, both sold and unsold, stated in the same terms.

SEC. 9. The Executive Secretary and/or the Association is hereby constituted the agency to collect and receive, as confidential information, such individual members' reports. Such reports shall be filed by the Secretary for reference in such form as to eliminate identification of any individual member, and shall be available for the inspection only by the Secretary or the Administrator or their duly authorized representatives. The Executive Secretary shall furnish the Code Authority with the summaries of the data and statistics he compiles from the members' individual reports.

SEC. 10. In addition to the information required to be submitted by the Code Authority, there shall be furnished to Government Agencies such statistical information as the Administrator may deem necessary for the purposes recited in Section 3 (a) of the Act to such Federal and State agencies as the Administrator may designate; nor shall anything in any code, agreement, or license relieve any person of any existing obligation to furnish reports to Government agencies.

SEC. 11. Each member shall, within ten (10) days after the effective date of this Code, publish to its customers and file with the Secretary and/or the Association each and every price list, duly certified by a proper executive, showing all prices of their respective merchandise assembled or processed in the Industry, and all terms. Each of the first lists of prices and terms of sale filed by any members, as above provided, shall take effect on the date of filing thereof. None of the prices and terms in any list filed by any members shall be changed except by the filing of such member with the Secretary and/or the Association of a new list of prices and terms, which shall become effective five (5) days after the date on which such new price list and terms of sale shall have been filed. The failure of any manufacturer to adhere to his prices and terms of sales filed, as herein provided, and any other deviation from the provisions of this Section shall be an unfair method of competition.\*

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\* See paragraph 2 of order approving this Code.

SEC. 12. Members of the Industry shall report on the tenth (10th) day of each month to the Code Authority a list of close-outs and seconds accumulated in the preceding month, and shall file with the Code Authority its price list and terms of such seconds and close-outs in accordance with the provisions as herein provided in Section 10 of Article VII. The member may sell such seconds or close-outs at any time at his own price as filed with the Code Authority, provided, he shall distinctly mark his products as Close-Outs or Seconds, and shall thereafter furnish the name and addresses of the purchaser of close-outs or seconds to the Code Authority.

#### ARTICLE VIII—TRADE PRACTICE RULES

The following practices constitute unfair methods of competition and are prohibited:

RULE 1. *False Marking or Branding.*—The false marking or branding of any product of the Industry which has the tendency to mislead or deceive customers or prospective customers, whether as to the grade, quality, quantity, substance, character, nature, origin, size, finish, or preparation of any product of the Industry, or otherwise.

RULE 2. *Misrepresentation or False or Misleading Advertising.*—The making or causing or permitting to be made or published any materially false, inaccurate, or deceptive statement by way of advertisement or otherwise, whether concerning the grade, quality, quantity, substance, character, nature, origin, size, finish, or preparation of any product of the Industry, or the credit terms, values, policies, or services of any member of the Industry, or otherwise, having the tendency or capacity to mislead or deceive customers or prospective customers.

RULE 3. *Commercial Bribery.*—No member of the Industry shall give, permit to be given, or directly offer to give, anything of value for the purpose of influencing or rewarding the action of any employee, agent, or representative of another in relation to the business of the employer of such employee, the principal of such agent or the represented party, without the knowledge of such employer, principal, or party. Commercial bribery provisions shall not be construed to prohibit free and general distribution of articles commonly used for advertising except so far as such articles are actually used for commercial bribery as hereinabove defined.

RULE 4. *Interference with Contractual Relations.*—Maliciously inducing or attempting to induce the breach of an existing oral or written contract between a competitor and his customer or source of supply, or interfering with or obstructing the performance of any such contractual duties or services.

RULE 5. *Secret Rebates.*—The secret payment or allowance of rebates, refunds, commissions, credits, or unearned discounts, whether in the form of money or otherwise, or the secret extension to certain purchasers of special services or privileges not extended to all purchasers on like terms and conditions.

RULE 6. *Giving of Prizes, Premiums, or Gifts.*—The offering or giving of prizes, premiums, or gifts in connection with the sale of products, or as an inducement thereto, by any scheme which involves lottery, misrepresentation, or fraud, or selling any furniture product

or any article whatsoever, included in the purchase of breakfast furniture, at an unreasonable price, for the purpose of evading or defeating the terms of this Code.

**RULE 7. *Defamation.***—The defamation of competitors by falsely imputing to them dishonorable conduct, inability to perform contracts, questionable credit standing, or by other false representations or by the disparagement of the grade or quality of their goods.

**RULE 8. *Threats of Litigation.***—The publishing or circularizing of threats of suits for infringement of patents or trade marks or of any other legal proceedings not in good faith and without bringing such suits or proceedings within a reasonable time, with the tendency or effect of harassing competitors or intimidating their customers.

**RULE 9. *Espionage of Competitors.***—Securing confidential information about a competitor's business by a false or misleading statement or representation, by a false impersonation of one in authority, by bribery, or by any other unfair method or any other secret means where the effect may be to hinder or stifle competition.

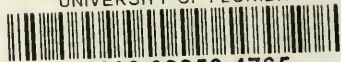
**RULE 10. *Piracy of trade marks and trade names.***—The imitation of a trade mark, trade name, slogan, or the other marks of identification of competitors, having the tendency and capacity to mislead or deceive.

**RULE 11. *Terms of settlement.***—Selling on more favorable terms than two (2%) percent in thirty (30) days, net sixty (60) days from date of shipment; provided, however, that where the purchaser because of departmental accounting practices requires a cash discount of five (5%) percent and the member consents to it, invoices shall be increased sufficiently to permit such discount, and in every such case the net return of the member shall not be less than it would have been had the cash discount been two (2%) percent instead of five (5%) percent. Where it is the practice of a buyer to make monthly settlement of all invoices, a member may allow the deduction of the cash discount if payment is made not later than the fifteenth (15) of the calendar month following dates of shipment. Credit terms shall be included in the statement and billhead of each member of the Industry.

**RULE 12. *Consignment.***—The shipping of goods on consignment or memorandum either directly or indirectly, except under circumstances to be defined by the Code Authority where peculiar circumstances in the Industry require the practice.

**RULE 13. *Returns.***—(a) There shall be no returns of porcelain breakfast furniture except for factory defects, and except for such merchandise not shipped within the specified time in full compliance with the specifications and terms of the order. The above exception shall apply only to claims and returns by customers made within fifteen (15) days from the receipt of goods by them.

(b) Merchandise defective in manufacturing or assembling not discovered or readily ascertainable within the period of fifteen (15) days from the receipt of goods by customers may be returned and accepted for credit by members, providing, however, the member of the Code Authority appointed by the Administrator shall specify the time and place for a hearing between member of the Industry and customer to determine whether such defect was due to faulty manufacturing or assembling.



**RULE 14. *Pull-backs.***—There shall be no allowances on “Pull-Backs” of breakfast furniture, nor shall they be accepted for credit by any member of the Industry, except as provided for in Rule 13 of this Article.

**RULE 15. *Other unfair practices.***—Nothing in this Code shall limit the effect of any adjudication by the Courts or holding by the Federal Trade Commission on complaint, finding, and order, that any practice or method is unfair, providing that such adjudication or holding is not inconsistent with any provision of the Act.

## ARTICLE IX—MODIFICATIONS

**SECTION 1.** (a) This Code and all the provisions thereof are expressly made subject to the right of the President, in accordance with the provisions of subsection (b) of Section 10 of the National Industrial Recovery Act, from time to time to cancel or modify any order, approval, license, rule, or regulation issued under Title I of said Act and specifically, but without limitation, to the right of the President to cancel or modify his approval of this Code or any conditions imposed by him upon his approval thereof.

(b) This Code, except as to provisions required by the Act, may be modified on the basis of experience or changes in circumstances, such modification to be based upon application to the Administrator and such notice of hearing as he shall specify, and to become effective on approval of the Administrator.

**SEC. 2.** Such of the provisions of this Code as are not required to be included therein by the Act may, with the approval of the Administrator, be modified or eliminated if it appears that the public needs are not being served thereby and as changes in circumstances or any experience may indicate. They shall remain in effect unless and until so modified or eliminated until the expiration of the Act. It is contemplated that from time to time supplementary provisions to this Code or additional Codes will be submitted for the approval of the President to prevent unfair competition in price and other unfair purposes and to promote the policies of Title I of the Act and which shall not conflict with the provisions thereof.

## ARTICLE X—MONOPOLIES

No provision of this Code shall be so applied as to permit monopolies or monopolistic practices, or to eliminate, oppress, or discriminate against small enterprises.

## ARTICLE XI—PRICE INCREASES

Whereas the policy of the Act to increase real purchasing power will be impossible of consummation if prices of goods and services increase as rapidly as wages, it is recognized that price increases should be delayed and that, when made, the same should, so far as reasonably possible, be limited to actual increases in the seller's costs.